

Message Text

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ACTION OPIC-06

INFO OCT-01 EA-06 ISO-00 EB-07 /020 W

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R 100918Z JUN 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4325

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E. O. 11652: NA

TAGS: EFIN, RP

SUBJECT: OPIC INSURANCE FOR B OF A - LEPANTO

REF: A. STATE 13396

B. MANILA 7514

1. EMBASSY WISHES TO COMMENT FURTHER ON THE MAIN POINT OF ITS MESSAGE, REF B, BUT WISHES DISPOSE OF SEVERAL PERIPHERAL MATTERS RAISED REF A BEFORE DOING SO.

2. INDICATION THAT R. J. DEL PAN WAS "ONLY" FIRM STILL TO ADJUST WAS NOT, RPT NOT A GUARANTEE THAT NO OTHER FIRM WAS EQUALLY LAGGARD, AND WE DO NOT, RPT NOT PRETEND IT IS SUCH NOW. RE RESIDENTIAL PROPERTY, UNDER THE GROUND RULES SO FAR ENUNCIATED, WHICH FULLY AVAILABLE TO DEPARTMENT, WE DO NOT SEE LEGALLY HOW A CORPORATION CAN QUALIFY AS A "PERSON". CORPORATIONS REGULARLY HAVE BEEN ADVISED

TO TREAT ALL CORPORATE REAL ESTATE, INCLUDING "HOUSING OWNED BY THE FIRM", AS PART OF THE INDUSTRIAL/COMMERCIAL LAND PROBLEM. THE CLAIM THAT NEED TO ADJUST STATUS OF ANY CORPORATE LAND HOLDING IS "UNEXPECTED" WOULD AT THIS STAGE BE BARELY CREDIBLE, EVEN THOUGH IT NO DOUBT WILL BE MADE.

3. GETTING CLOSER TO THE MAIN POINT, WE DO NOT RECALL HAVING STATED OR SUGGESTED THAT THE SPECIFIC PROJECT UP FOR CONSIDERATION WAS IN ANY WAY CONTRARY TO LAW. WE
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QUESTIONED QUITE EXPLICITLY THE DESIRABILITY OF

THE INVESTMENT OF A FIRM WHICH SEEMED BENT, IN THE REPORT OF ONE OF ITS OWN SENIOR OFFICERS, ON AVOIDING ACTION CLEARLY REQUIRED OF IT. THAT PROBLEM PE SE HAPPILY SEEMS, ONE WAY OR ANOTHER, TO BE GOING AWAY.

4. INCIDENTALLY, TO OUR KNOWLEDGE NEDA APPROVAL OF B OF A - LEPANTO PROPOSAL AS WELL AS MONETARY BOARD APPROVAL IS STILL PENDING.

5. IN ITS CONTINUING APPRAISAL AND REPORTING ON OPIC PROGRAMS IN THE PHILIPPINES THE EMBASSY HAS GENERALLY APPLIED ESTABLISHED LOCALLY RELEVANT CRITERIA TO INDICATE WHETHER A GIVEN PROPOSAL (A) FURTHERED THE DEVELOPMENT NEEDS OF THE COUNTRY; (B) ADHERED WITHIN REASONABLE BOUNDS TO THE TERMS OF THE BILATERAL AGREEMENT; (C) PROVIDED A MODICUM OF ADDITIONAL PROTECTION IN AREAS WHERE SUCH PROMOTED OR HELPED TO PROMOTE SOME ADDITIONAL INVESTMENT; (D) DID NOT IN ANY SIGNIFICANT DEGREE SHAKE PHILIPPINE WILLINGNESS TO COOPERATE IN THE EXTENSION OF OPIC PROTECTION; (E) REFLECTED SOME SENSE OF PRIORITY ON THE BASIS THAT OPIC INSURANCE IS A RESOURCE TO BE USED AS SVIRINGLY AS POSSIBLE TO SUPPORT U.S. OBJECTIVES IN THE PHILIPPINES. WE TAKE THESE STILL TO BE THE REVELANT CRITERIA, SUBJECT OF COURSE TO ANY NEW DEPARTMENT OR OPIC GUIDANCE WE MAY RECEIVE FROM TIME TO TIME.

6. EMBASSY RECOMMENDATION REF B, WAS MADE ON CONSIDERATIONS WELL WITHIN CRITERIA SET FORTH ABOVE. PRIMARILY WE ASKED TO QUESTIONS WHTHER A STRAIGHT REAL ESTATE INVESTMENT REPRESENTED A PRIORITY USE OF OPIC CURRENCY IN THE PHILIPPINES; WHETHER SUCH AN INVESTMENT GIVEN THE HISTORY OF LAND OWNERSHIP ISSUES IN THE PHILIPPINES WAS A WISE USE OF RESOURCES; AND WHETHER SUCH AN INVESTMENT WAS OF SIGNIFICANT DEVELOPMENTAL VALUE. OUR ANSWERS WERE NEGATIVE IN EACH CASE, AND WE REITERATE OUR EARLIER RECOMMENDATION.
PURNELL

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